the period 2007-08, up to February 16 was 22.67. Of this, the contribution of food articles was 9.66 ...*(Interruptions)*...

SHRIMATI BRTNDA KARAT: Sir, he is answering the question ...*(Interruptions)*...

MR. CHAIRMAN: Please, please... *(Interruptions)*... Let the question... *(Interruptions)*...

SHRI P. CHIDAMBARAM: Let me finish the reply ...*(Interruptions)*...

SHRI SANTOSH BAGRODIA: I am happy with his reply, Sir, ...*(Interruptions)*...

SHRI P. CHIDAMBARAM: I am answering the question. ...*(Interruptions)*... It is a very technical question. He wants to know the contribution of primary articles and food articles to overall ...*(Interruptions)*...

MR. CHAIRMAN: Dr. Malaisamy.

DR. K. MALAISAMY: Thank you, Mr. Chairman, Sir. The hon. Minister has already conceded that the Indian rate of inflation is much higher than the other countries except China. He has also said that there are various reasons, particularly he was pointing out the mismatch between demand and supply. Taking into account all these things, I am inclined to ask the hon. Minister, to control this kind of thing whether there are factors, out of them what are the areas of controllable factors and what are the areas of uncontrollable factors. If there are certain uncontrollable factors to be dealt with, what is your specific all out efforts to control and contain the uncontrollable factors to moderate the inflation rate.

SHRI P. CHIDAMBARAM: Sir, there are some factors which are not in our control. For example, the price of crude oil is not in our control. Among commodities, the prices of a large number of metals are not under our control. As far as food prices are concerned, if India is nearly self-sufficient in wheat, rice, pulses, edible oil, we are largely insulated from world prices. But if we are dependent on imports, to that extent, we are subject to world prices.and to that extent, it is beyond our control. For example, edible oil. Edible oil price has increased by over 100 per cent from the exporting countries like Malaysia and Indonesia in the last few months, and we are dependent on importing edible oil. Similarly, pulses. We import pulses. Pulses are not available in many countries of the world and prices of pulses have also gone up. Therefore, to the extent that we are dependent on imports like crude oil, metals, edible oil and pulses, we are not insulated from world prices. What is it that is within our control? It is certainly within our control to increase production and productivity. Yield gap between State and State is so large. If we can get the yield out of a Bihar field equal to the yield a Punjab field, we will be nearly self-sufficient. Monetary policy is also withing our control. But, monetary policy is within the domain of the Reserve Bank of India and the Reserve Bank's stated goal, as is Government's goal, is to ensure growth with reasonable price stability.

**Fall in the Sensex**

*85. "SHRI P.R. RAJAN:

SHRIMATI SUSHMA SWARAJ:

Will the the Minister of FINANCE be pleased to state:

(a) whether Government has assessed the reasons for the recent fall in the Sensex;

(b) if so, the details thereof;

(c) the details of loss incurred by investors in the recent crash of Sensex; and

(d) the amount of money Government had to pump in for saving the Sensex from further going down?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) (a) and (b) The Sensex moves up or down depending On the changing perceptions of investors — domestic and overseas, retail and institutional — about the economy, the sector and the company. This perception is influenced by many factors including the macro-economic environment, the growth potential of the economy, policy credibility of the Government,corporate performance, domestic and international events and market sentiments. The recent fall in the stock markets is arrributed among other factors, to the sub-prime mortgage crisis in the US, change in the monetary stanse of developed countries, the expected recession in US, firming up of oil prices, Yen carry trade, the policy measures on Offshore Derivative Instruments by SEBI, impact of primary market issues, relative valuations in emerging markets, etc.

(a) The loss or gain arising from market movements is notional. This arises continuously with change in the value of the portfolios of investors with changes in prices of constituent securities. However, the actual loss or gain no particular investors depends on the investment time horizon of those investors. While the Sensex declined by 7.4% on 21st January 2008, it increased by 34.5% during this fiscal on a point to point basis from end of March, 2007 to end of February, 2008.

(b) The authorities do not try to manage or control movement of stock indices. They have put in place systems and practices to promote a safe, transparent and efficient market and to protect market integrity. The systems instituted include advanced risk management mechanisms comprising on-line monitoring and surveillance, various limits on position, margin requirements, circuit filters, etc. The systems and practices are reviewed continuously and modified to meet emerging needs. Measures taken to broaden and deepen markets include scree based trading system, dematerialization of securities, corporatization and demutualization of exchanges, settlement through clearing corporation, trading in of derivatives.etc. Besides, SEBI maintains a constant vigil in the market,and incase of any abnormality, takes appropriate action against the concerned entities.

SHRI P.R. RAJ AN: Mr. Chairman, Sir,I would like to know from the hon. Minister whether the recent fall in the Sensex is result of the sub-prime crisis in the United States of America. I would like to know whether the Government noted that the withdrawing of shares by Foreign Institutional Investors from Indian share market deepened the crisis at present. What steps have the Government taken to overcome these crisis?

SHRI P. CHIDAMBARAM: Sir, one of the reasons why there is a degree of volatility in the stock market is the sub-prime mortgage crisis in the United States. To that extent, I agree with the hon. Member. There are.of course, other factors. FII's share in Indian markets continues to be small.FIIs' buy and sell.but I do not think that, nor is it our assessment we think that FIIs' trading in the stock market is not the reason behind volatility on certain days.

SHRI P.R. RAJAN: Sir, my second supplementary is whether the Government has any plans to regulate the FIs. How does the Government view the demand to ban Participatory Notes? Even SEBI Chairman has also opined just like that. What is the opinion of the Government?

SHRI P. CHIDAMBARAM: Sir,FIIs are regulated. FIIs have to register. FIIs are regulated by SEBI. As far as Participatory Notes are concerned, the policy of the Government has been made clear by the Government after SEBI took some measures. We have explained in the past

that all of them are now required to register as FIIs and wind down the Participatory Notes over a period of time. There is no change in the policy that has announced by SEBI last year.

श्रीमती सुषमा स्वराज: धन्यवाद, उपसभापति जी। समय बहुत कम है, इसलिए मैं एक बहुत ही छोटा सा सवाल मंत्री महोदय से पूछ लेती हूं, ताकि जवाब आ जाए। मंत्री जी, आप अभी FIIs के इन्वेस्टमेंट कि बात कर रहे थे, FIIs को हमने इन्वेस्ट करने के लिए एलाउ तो किया है, लेकिन उनके विदड्राल पर कोई प्रतिबंध नहीं लगाया है और यही कारण है कि बाजार एक बार ऊपर चढ़ता है और फिर धम्म से नीचे गिरता है, जिसका जी जिक्र किया है कि यह जनवरी में 7.4 परसेंट डिकलाइन हुआ, लेकिन एकदम 34.5 ऊपर चढ़ गया । मैं आपसे पूछना यह चाहती हूं कि जो इंटरनेशनल सटोरिए आज हमारे बाजार को कंट्रोल कर रहे हैं और FIIs को हमने विदड्राल एलाउ नहीं किया है, इसके बारे में आपकी क्या प्रतिक्रिया है? ...(**व्यवधान**)... यही मैं आपसे जानना चाहती हूं।

SHRI P. CHIDAMBARAM: I don't think that it was the policy of any Government, since FIIs were allowed to invest, that FIIs should be banned. And I think that would be a wrong policy.

श्रीमती सुषमा स्वराज: Not banning, withdrawal की कोई केपिंग तो हो सकती है।

SHRI P. CHIDAMBARAM: Sir, FIIs investment is capped in individual companies. FIIs investment as a group is capped in companies. ...*(Interruptions)*... Please let me answer. ... *(Interruptions)*...

MR. CHAIRMAN: Please, allow him.

SHRI P. CHIDAMBARAM: FIIs investment in specific companies is limited by a cap. All FIIs investment together is also limited by a cap. FIIs investment in certain kinds of bond is limited by a cap. These are sectoral caps which are laid down from time to time by RBI in consultation with the Government. But there is no porposal to ask FIIs to withdraw. There is no proposal to ban Flls. *(Interruptions)* This was not a proposal in any Government.. .(Interruptions)...

SHRI C. RAMACHANDRAIAH: Sir, on 21 st, 22nd and 23rd of January, market fell; there was melting of stocks. There is a quantum jump of investment from the LIC, the UTI and the SBI. Is there any direction from the Government, through these institutions, to keep afloat the shares? They are forced to invest. I am more concerned about the people's money. It is the people's money which is involved there. Whom does the Government want to protect? Is it the small investor or the shares of big companies? The small investor is only one per cent of the total capital market.

SHRI P. CHIDAMBARAM: Sir, the answer to the question whether the Government issued a direction is, "No, Sir'.

MR. CHAIRMAN: The Question Hour is over.

## WRITTEN ANSWERS TO STARRED QUESTIONS

### Losses incurred by Air India

83. SHRI EKANATH K. THAKUR: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether it is a fact that according to the original financial documents presented to the Board, Air India had recorded its biggest ever net loss of Rs. 541.3 crore for the financial year 2006-07;